

# Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies, 1982

**MAJORITY-OWNED** foreign affiliates of U.S. companies plan to increase capital expenditures 11 percent this year, to \$50.7 billion, following a planned 7-percent increase last year. In 1980, spending increased a record 30 percent (table 1 and chart 10).<sup>1</sup>

Spending by petroleum affiliates is expected to remain strong. These affiliates plan an 18-percent spending increase this year, to \$20.5 billion, after a similar increase last year. Both reflect ongoing efforts to explore for, and develop, petroleum and other energy resources, mainly coal, in anticipation of future energy needs. The 1982 increase is planned despite the recent weakening of petroleum prices. In manufacturing, spending is expected to increase less than in petroleum. Manufacturing affiliates plan a 10-percent increase this year, to \$21.4 billion, after no change last year. In trade, a 16-percent increase is planned, after a 3-percent decline. Affiliates in "other industries" and in finance (except banking), insurance, and real estate plan to maintain spending at last year's levels, after increases of 7 and 32 percent, respectively. Only affiliates in mining and smelting plan to reduce spending, after several years of large increases.

1. Capital expenditures estimates are for majority-owned nonbank foreign affiliates of nonbank U.S. parents. (An affiliate is majority owned when the combined ownership of all U.S. parents exceeds 50 percent.) Capital expenditures are expenditures that are made to acquire, add to, or improve property, plant, and equipment, and that are charged to capital accounts. They are on a gross basis; sales and other dispositions of fixed assets are not netted against them. Capital expenditures are reported to BEA in current dollars; they are not adjusted for price changes in host countries or for changes in the value of foreign currencies, because the data needed for these adjustments are unavailable.

NOTE.—Patricia E. DiVenuti, Earl F. Holmes, Jr., and Edward L. Simons assisted in preparing the estimates. Smith W. Allnutt III designed the computer programs.

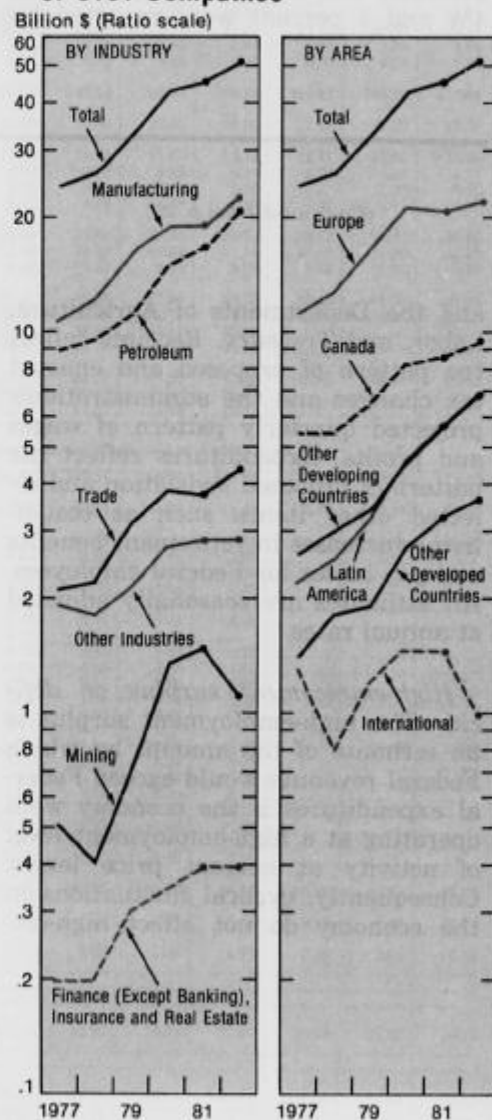
By area, affiliates in developed countries plan an 11-percent increase in spending, to \$35.8 billion, compared with a 1-percent increase in 1981. In developing countries, a planned 19-percent increase, to \$13.8 billion, follows a 28-percent increase. Affiliates in "international"—those that have operations spanning more than one country and that are engaged in petroleum shipping, other water transportation, petroleum trading, or operating oil and gas drilling equipment that is moved from country to country during the year—plan to cut spending by one-third, to \$1.0 billion, after a 2-percent increase.

The latest estimate for 1981, based on the BEA survey taken in December 1981, is sharply lower than the estimate made 6 months earlier, which indicated expenditures would increase 18 percent. Although the estimates for every industry except finance (except banking), insurance, and real estate were revised downward, most of the revision is in petroleum and transportation equipment manufacturing. The revision reflects the impact of the slowdown in economic activity abroad. For 1982, the latest estimate is also lower than the earlier one; however, the percent increase from 1981 is larger because it is calculated from the lower 1981 base. By industry, the largest downward revisions in dollar spending are in petroleum and mining.

## Petroleum

Petroleum affiliates plan to increase spending 18 percent, to \$20.5 billion, after a similar increase last year. The increase is widespread geographically, and is particularly large in Canada and Norway, where it is mainly for petroleum extraction, and in the Netherlands, Australia, and Colombia, where it is for development of alternative energy sources.

CHART 10  
Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies



U.S. Department of Commerce, Bureau of Economic Analysis

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In developed countries, affiliates plan to increase spending 18 percent, to \$13.0 billion, after an 11-percent increase in 1981 (tables 2-3). Canadian affiliates plan to boost spending 28 percent, to \$3.8 billion, after a 4-percent decline. Affiliates engaged in all phases of petroleum production plan increases, which are to finance continued development of western Canada's tar sands, expanded exploration in frontier areas, modernization of refineries, and construction of new petrochemical facilities. They are planned despite Canada's National Energy Program (NEP). The NEP, first proposed in late 1980 and some provisions of which recently became law, is designed to encourage increased domestic ownership of the Canadian petroleum industry. Although it appeared to be an important factor in

recent decisions by several U.S. companies to sell their Canadian oil and gas properties, it does not seem to be dampening plans for capital expenditures by affiliates still operating in Canada.

In the North Sea area, Norwegian affiliates plan a 31-percent increase in spending, to \$1.7 billion, after an 8-percent increase last year. The 1982 increase is for continued development of offshore oilfields and gasfields. British affiliates plan a 2-percent increase—the smallest increase since 1972—to \$4.6 billion, after a 12-percent increase. The slowdown partly reflects the impact of the host government's plans to conserve more of its oil reserves.

In other areas of Europe, where affiliates are primarily engaged in refining and distribution, several large

increases are planned. Netherlands affiliates plan a 115-percent increase, partly for a plant to convert coal into coke, an industrial fuel that burns with little smoke. German affiliates plan a 40-percent increase, primarily for upgrading and expanding existing refineries.

After more than doubling expenditures last year, Australian affiliates plan a 20-percent increase in 1982. It is partly for developing a new coal operation, including construction of housing for workers and a railroad, and partly for stepped-up drilling of natural gas wells and construction of a pipeline; the 1981 increase was for refinery upgrading, shale-oil extraction, and gasfield development. The

(Continued on p. 36)

Table 1.—Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies, 1977-82

	Percent change from preceding year							Billions of dollars							
	Actual expenditures			Latest plans <sup>1</sup>		Earlier plans <sup>2</sup>		Actual expenditures				Latest plans <sup>1</sup>		Earlier plans <sup>2</sup>	
	1978	1979	1980 <sup>3</sup>	1981	1982	1981	1982	1977	1978	1979	1980 <sup>3</sup>	1981	1982	1981	1982
Total	9	25	38	7	11	18	8	24.1	26.1	32.6	42.4	43.3	50.7	50.1	63.3
By industry															
Mining	-14	51	89	17	-24	33	2	5	4	7	13	15	11	17	17
Petroleum	7	10	34	18	18	28	14	8.8	9.5	11.0	14.5	17.5	20.5	19.9	21.5
Manufacturing	14	20	27	(*)	14	14	2	10.5	12.0	15.4	19.5	19.5	21.4	22.2	22.7
Food and kindred products	17	25	25	-2	17	12	-2	8	9	12	15	16	17	17	17
Chemicals and allied products	-8	38	14	5	27	19	15	2.0	1.9	2.6	3.0	3.1	4.8	3.5	4.1
Primary and fabricated metals	7	11	37	12	54	27	19	5	6	6	9	1.0	1.5	1.1	1.3
Machinery except electrical	22	33	16	-15	11	-4	7	3.0	3.6	4.7	5.6	4.8	5.3	5.3	5.7
Electric and electronic equipment	23	26	24	-5	11	8	9	7	9	11	14	13	14	15	16
Transportation equipment	18	54	49	12	-10	34	-13	1.6	1.9	2.9	4.4	4.9	4.4	5.9	5.1
Other manufacturing	15	3	29	4	1	12	-1	1.8	2.1	2.2	2.8	3.0	3.0	3.2	3.2
Trade	9	37	25	-3	10	6	10	2.1	2.2	3.1	3.8	3.7	4.2	4.8	4.4
Finance except banking, insurance and real estate	-10	49	7	32	(*)	-12	(*)	2	3	3	3	4	4	3	3
Other industries	-6	22	28	7	(*)	7	-0	1.0	1.8	2.1	2.7	2.9	2.9	2.9	2.9
By area															
Developed countries	18	25	29	1	11	13	7	18.0	19.5	24.2	31.9	32.4	35.8	36.1	38.7
Canada	1	28	29	2	12	19	11	5.4	5.4	6.5	8.3	8.5	9.5	9.4	10.4
Europe	13	20	27	-1	10	11	4	11.3	12.6	16.4	20.8	20.6	22.7	22.2	24.2
European Communities (8) <sup>4</sup>	13	28	27	-6	9	7	4	8.6	10.9	14.0	17.9	16.9	18.4	19.1	19.8
France	1	26	23	-19	15	-3	5	1.4	1.4	1.5	2.2	1.8	2.0	2.1	2.2
Germany	34	28	17	-16	7	1	2	2.0	2.6	3.4	3.9	3.3	3.5	4.0	4.0
United Kingdom	20	27	33	2	5	10	5	3.0	4.7	6.0	8.1	8.1	8.5	8.8	9.2
Other	-7	31	28	-1	16	14	1	2.4	2.2	2.9	3.7	3.7	4.3	4.2	4.3
Other	9	42	28	22	16	35	8	1.5	1.7	2.4	3.0	3.7	4.3	4.7	4.4
Japan	32	15	42	-7	28	(*)	13	4	6	6	9	8	11.1	9	1.0
Australia, New Zealand and South Africa	20	7	40	34	6	37	18	1.0	1.3	1.3	1.8	2.5	2.5	2.5	3.0
Developing countries	15	20	36	28	18	36	9	4.8	5.5	6.6	9.0	11.5	13.8	12.2	13.4
Latin America	17	27	42	27	19	35	7	2.2	2.5	3.2	4.0	5.8	6.9	5.2	6.6
Other Africa	14	12	44	34	13	39	-3	7	8	9	1.8	1.7	2.0	1.8	2.5
Middle East	-10	-37	-10	-35	66	-20	15	1.2	1.1	1.8	7	5	7	5	6
Other Asia and Pacific	50	52	47	45	18	54	-5	7	1.1	1.7	2.5	3.6	4.3	3.6	3.7
International	-38	51	22	2	-33	10	-29	1.3	8	1.2	1.5	1.5	1.9	1.8	1.8
Addenda—European Communities (10) <sup>4</sup>															
OECD <sup>5</sup>	10	-2	13	47	1	28	17	1.7	1.0	1.0	2.1	15.9	18.5	19.2	19.9
												3.1	3.1	2.7	3.2

\* Loss less than 0.5 percent (±).

1. Based on the BEA survey taken in December 1981.

2. Based on the BEA survey taken in June 1981.

3. European communities (8) consists of Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, Netherlands, and the United Kingdom.

4. European communities (10) consists of European communities (8) and Greece.

5. OECD consists of Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, Venezuela, and the United Arab Emirates.

Note.—Estimates are for nonbank foreign affiliates of nonbank U.S. parents.

Table 2.—Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies in 1982<sup>1</sup>

	All Industries	Mining	Petroleum	Manufacturing							Trade	Finance (except bank, insurance, and real estate)	Other Industries	
				Total	Food and kindred products	Chemical and allied products	Primary and fabricated metals	Machinery except electrical	Electrical and electronic equipment	Transportation equipment	Other manufacturing			
All countries	48,469	1,488	17,481	19,494	1,497	3,128	996	4,784	1,383	4,894	2,953	3,684	443	2,816
Developed countries	33,332	1,387	11,922	15,469	981	2,419	599	4,338	809	3,868	2,363	2,959	313	1,511
Canada	3,439	430	3,973	3,872	210	644	218	690	125	977	1,899	432	95	689
Europe	20,556	12	7,401	10,177	654	1,658	383	3,211	545	2,853	1,281	2,643	189	725
European Communities (9)	18,859	8	5,904	8,788	600	1,298	381	3,108	471	(*)	(*)	1,394	(*)	(*)
Belgium	807	(*)	95	566	17	143	9	60	37	246	44	130	1	21
Denmark	244	0	123	22	13	1	1	(*)	5	1	1	91	(*)	(*)
France	1,788	0	(*)	1,181	70	170	26	648	55	52	148	300	2	(*)
Germany	3,314	3	440	2,819	72	254	105	827	138	815	297	209	4	44
Ireland	274	2	(*)	168	9	49	1	(*)	(*)	45	45	28	(*)	4
Italy	1,145	8	180	816	64	115	24	(*)	40	58	(*)	190	(*)	38
Luxembourg	80	0	1	24	0	3	0	(*)	0	0	(*)	(*)	(*)	15
Netherlands	1,183	0	310	864	185	195	34	228	15	4	35	100	4	85
United Kingdom	8,108	3	4,608	3,725	250	450	180	760	151	586	420	425	100	345
Other Europe	3,497	4	1,497	1,890	54	181	28	102	74	(*)	(*)	649	(*)	(*)
Austria	359	0	(*)	219	3	3	3	(*)	(*)	(*)	(*)	74	(*)	(*)
Greece	41	1	1	25	6	21	(*)	(*)	2	1	4	15	(*)	(*)
Norway	1,391	2	1,300	39	6	0	5	(*)	(*)	4	(*)	48	(*)	(*)
Portugal	75	0	(*)	31	2	0	1	(*)	2	12	(*)	38	(*)	(*)
Spain	1,967	0	62	529	35	108	5	(*)	30	(*)	(*)	162	(*)	28
Sweden	219	0	46	124	4	15	5	(*)	(*)	2	(*)	43	(*)	10
Switzerland	463	0	14	59	4	5	1	(*)	15	(*)	21	220	(*)	(*)
Turkey	12	1	(*)	1	(*)	1	0	(*)	0	0	(*)	9	(*)	1
Other	91	0	26	4	0	(*)	(*)	0	(*)	0	3	51	(*)	(*)
Japan	843	0	(*)	642	(*)	80	(*)	(*)	82	(*)	13	127	4	(*)
Australia, New Zealand and South Africa	2,461	665	(*)	709	(*)	121	(*)	(*)	27	(*)	97	346	16	(*)
Australia	2,024	639	517	573	52	82	(*)	(*)	23	(*)	89	215	15	47
New Zealand	84	(*)	21	33	(*)	6	0	2	1	(*)	11	25	(*)	6
South Africa	352	26	(*)	103	30	23	12	24	3	35	37	108	(*)	(*)
Developing countries	31,611	389	5,439	4,044	525	709	397	494	473	826	589	734	130	905
Latin America	5,890	299	1,283	3,346	416	692	213	374	212	996	492	481	71	316
South America	4,110	265	1,061	2,342	259	492	321	349	85	611	333	299	33	99
Argentina	716	5	185	457	80	95	8	(*)	5	(*)	78	45	(*)	13
Brazil	1,658	1	81	1,486	100	291	290	214	75	248	200	65	30	25
Chile	290	(*)	32	12	1	5	2	(*)	(*)	(*)	8	(*)	0	21
Colombia	420	5	307	60	19	28	(*)	(*)	3	(*)	8	31	1	7
Ecuador	55	0	25	22	4	5	2	0	2	0	9	12	(*)	(*)
Peru	469	(*)	386	13	2	3	4	(*)	2	(*)	3	(*)	1	1
Venezuela	467	0	70	241	50	56	12	(*)	8	(*)	30	74	(*)	22
Other	148	9	65	63	23	(*)	(*)	(*)	1	(*)	23	6	(*)	1
Central America	1,377	15	61	916	146	94	51	27	115	394	149	180	25	148
Mexico	1,169	1	11	946	135	89	58	27	112	394	140	147	(*)	(*)
Panama	75	0	3	4	2	2	0	0	0	0	1	6	(*)	(*)
Other	132	14	37	26	9	4	1	0	3	(*)	8	10	1	45
Other Western Hemisphere	312	19	112	28	11	8	(*)	0	2	0	10	5	13	76
Bahamas	44	0	(*)	2	1	2	0	0	0	0	0	1	2	(*)
Bermuda	13	0	(*)	0	0	0	0	0	0	0	0	1	(*)	(*)
Netherlands Antilles	27	(*)	(*)	(*)	(*)	(*)	(*)	0	0	0	0	1	(*)	(*)
Trinidad and Tobago	116	0	106	5	(*)	(*)	(*)	0	(*)	(*)	(*)	(*)	(*)	2
Other	113	19	35	18	10	(*)	(*)	0	2	0	(*)	9	32	(*)
Other Africa	1,728	23	1,682	64	29	5	13	(*)	2	(*)	18	28	4	17
Saharan	688	4	592	1	(*)	1	1	(*)	(*)	0	0	0	0	0
Egypt	342	0	390	4	0	0	0	0	0	0	0	2	0	0
Libya	212	0	312	(*)	0	0	0	(*)	0	0	(*)	4	0	1
Other	48	0	40	3	(*)	(*)	1	(*)	2	(*)	2	13	4	10
Sub-Saharan	1,122	28	1,620	58	19	1	13	0	2	(*)	15	18	4	10
Liberia	113	2	290	1	0	0	0	0	0	0	(*)	3	(*)	(*)
Nigeria	313	(*)	3	3	1	1	0	0	0	0	11	1	(*)	2
Other	796	17	730	53	17	3	12	0	2	(*)	5	8	(*)	(*)
Middle East	458	1	278	36	6	3	(*)	8	17	0	(*)	36	5	59
Israel	82	0	5	33	3	1	0	4	17	0	(*)	5	(*)	(*)
OPEC	326	1	239	3	1	(*)	(*)	2	0	0	0	52	(*)	31
Other	46	0	26	(*)	(*)	(*)	0	(*)	0	0	(*)	0	(*)	(*)
Other Asia and Pacific	3,827	36	2,384	568	84	302	31	42	241	29	30	154	50	514
Hong Kong	546	0	38	38	(*)	5	(*)	5	9	0	10	38	0	(*)
India	29	0	29	0	0	0	0	0	0	0	0	0	0	(*)
Indonesia	1,251	35	1,182	23	1	3	3	(*)	5	0	3	6	(*)	5
Malaysia	576	(*)	111	(*)	(*)	(*)	1	2	55	(*)	19	12	(*)	(*)
Philippines	286	0	82	142	70	20	(*)	(*)	24	2	25	(*)	(*)	(*)
Singapore	379	0	228	105	(*)	(*)	7	21	45	(*)	1	17	(*)	(*)
South Korea	89	0	85	5	5	5	0	7	13	0	2	0	(*)	(*)
Taiwan	170	0	82	5	12	0	2	61	0	0	13	24	0	(*)
Thailand	230	1	190	20	2	3	(*)	0	10	(*)	5	0	(*)	1
Other	81	0	20	13	1	2	(*)	0	(*)	0	(*)	1	(*)	(*)
International	1,500	0	1,009	0	0	0	0	0	0	0	0	0	0	580
Addenda—European Communities (10) <sup>3</sup>	18,320	1	5,815	8,821	605	1,419	331	2,109	473	(*)	(*)	1,499	(*)	(*)
OPEC <sup>4</sup>	3,108	87	2,540	812	57	80	18	(*)	19	(*)	60	189	1	80

<sup>1</sup> Less than \$500,000.<sup>2</sup> Suppressed to avoid disclosure of data of individual companies.<sup>3</sup> Based on the BEA survey taken in December 1981.<sup>4</sup> Consists of European Communities (3) and Greece.<sup>5</sup> See footnote 5, table 1.

Note.— Estimates are for nonbank foreign affiliates of nonbank U.S. parents.

Table 3.—Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies in 1982<sup>1</sup>

	All industries	Mining	Petroleum	Manufacturing								Trade	Finance (except bank insurance, and real estate)	Other industries
				Total	Food and kindred products	Chemicals and allied products	Primary and fabricated metals	Machinery except electrical	Electric and electronic equipment	Transportation equipment	Other manufacturing			
All countries.....	56,682	1,121	26,537	21,355	1,734	3,279	7,537	5,290	1,427	4,661	2,963	4,289	443	2,936
Developed countries.....	35,840	815	13,947	16,688	1,129	3,133	759	4,835	946	3,586	2,390	3,258	284	1,678
Canada.....	9,495	238	3,944	4,969	232	775	333	771	335	599	859	492	97	813
Europe.....	22,629	13	8,459	10,947	709	2,418	391	3,394	574	2,469	1,293	2,361	162	782
European Communities (9)	18,361	2	8,531	9,948	639	1,949	372	3,231	510	(*)	(*)	1,574	(*)	(*)
Belgium.....	784	2	70	438	17	163	11	(*)	41	(*)	(*)	158	(*)	16
Denmark.....	337	0	159	28	20	1	1	(*)	47	(*)	(*)	100	(*)	1
France.....	2,849	(*)	1,576	79	208	28	28	759	115	156	425	214	(*)	(*)
Germany.....	5,540	2	615	2,833	77	284	154	939	167	762	285	314	(*)	(*)
Ireland.....	544	0	184	7	50	1	1	46	7	48	21	21	(*)	(*)
Italy.....	1,277	0	170	935	80	118	27	(*)	49	(*)	(*)	135	(*)	(*)
Luxembourg.....	24	0	3	21	0	4	0	2	(*)	(*)	(*)	(*)	(*)	(*)
Netherlands.....	1,724	0	666	859	118	365	30	241	14	4	84	193	(*)	(*)
United Kingdom.....	8,231	8	4,475	2,970	270	664	141	650	184	601	490	518	28	367
Other Europe.....	4,278	5	1,384	1,503	88	268	19	159	84	(*)	(*)	726	(*)	(*)
Austria.....	312	0	(*)	183	3	0	3	(*)	5	(*)	(*)	87	(*)	(*)
Greece.....	93	(*)	27	51	8	32	(*)	(*)	1	(*)	(*)	13	(*)	(*)
Norway.....	1,784	4	1,700	36	0	2	4	(*)	(*)	(*)	(*)	48	(*)	(*)
Portugal.....	100	0	(*)	49	1	3	1	3	3	24	7	40	(*)	(*)
Spain.....	1,148	0	63	929	44	190	5	(*)	31	(*)	(*)	142	(*)	(*)
Sweden.....	277	0	33	182	8	21	2	(*)	(*)	(*)	(*)	32	(*)	(*)
Switzerland.....	435	0	13	83	5	11	3	7	20	(*)	(*)	270	(*)	(*)
Turkey.....	16	1	2	2	1	1	0	0	1	(*)	(*)	11	(*)	(*)
Other.....	85	0	25	7	0	(*)	(*)	0	1	0	6	53	(*)	(*)
Japan.....	7,886	0	(*)	800	(*)	80	3	(*)	75	(*)	21	167	3	(*)
Australia, New Zealand and South Africa.....	2,888	577	(*)	871	(*)	180	30	(*)	90	(*)	135	370	22	(*)
Australia.....	2,861	546	615	610	72	126	17	45	35	228	96	227	21	45
New Zealand.....	85	(*)	27	33	7	7	0	(*)	2	(*)	10	7	(*)	4
South Africa.....	464	36	(*)	228	49	28	13	31	4	69	36	124	(*)	(*)
Developing countries.....	33,323	306	6,741	4,667	605	646	779	455	481	699	623	952	159	997
Latin America.....	6,886	353	1,784	3,873	486	578	748	390	187	598	569	629	197	245
South America.....	5,014	220	1,417	2,937	325	513	685	368	88	588	375	365	23	52
Argentina.....	575	(*)	214	495	78	16	7	(*)	4	(*)	47	36	(*)	(*)
Brazil.....	3,275	1	91	2,063	139	304	(*)	(*)	69	415	287	35	(*)	(*)
Chile.....	244	(*)	14	14	4	4	4	(*)	(*)	(*)	2	47	(*)	(*)
Colombia.....	855	4	538	32	23	25	2	(*)	4	(*)	4	23	(*)	(*)
Ecuador.....	57	0	24	15	6	1	1	1	1	4	4	14	(*)	(*)
Peru.....	455	(*)	363	12	2	6	1	(*)	1	(*)	3	34	(*)	(*)
Venezuela.....	529	0	133	278	64	68	21	(*)	2	(*)	6	115	(*)	(*)
Other.....	129	11	49	61	21	1	(*)	(*)	(*)	(*)	(*)	9	(*)	(*)
Central America.....	1,397	10	34	916	151	181	63	21	95	212	204	247	(*)	(*)
Mexico.....	1,219	6	690	143	156	62	21	21	95	212	187	236	(*)	(*)
Panama.....	82	0	2	4	2	0	0	0	(*)	0	0	7	(*)	(*)
Other.....	97	3	21	7	3	1	1	0	4	(*)	7	18	(*)	(*)
Other Western Hemisphere.....	476	23	333	25	10	6	1	0	1	0	9	8	(*)	(*)
Bahamas.....	54	(*)	10	2	1	2	0	0	0	0	0	1	(*)	(*)
Bermuda.....	29	(*)	(*)	0	0	0	0	0	0	0	(*)	1	(*)	(*)
Netherlands Antilles.....	(*)	(*)	(*)	(*)	(*)	(*)	(*)	0	0	0	0	2	(*)	(*)
Trinidad and Tobago.....	239	(*)	220	6	1	1	0	0	(*)	4	4	1	(*)	(*)
Other.....	(*)	(*)	40	16	3	1	1	0	1	0	4	4	(*)	(*)
Other Africa.....	1,264	21	1,792	33	23	17	13	(*)	2	6	16	38	4	(*)
Botswana.....	619	(*)	621	10	(*)	1	1	(*)	(*)	2	2	9	(*)	(*)
Egypt.....	433	(*)	416	6	0	1	0	0	0	0	0	3	(*)	(*)
Libya.....	163	0	183	(*)	0	0	0	(*)	0	0	0	0	(*)	(*)
Other.....	63	0	63	4	(*)	(*)	1	0	(*)	0	0	0	(*)	(*)
Sub-Saharan.....	1,365	(*)	1,171	73	28	15	18	0	2	(*)	14	23	(*)	(*)
Liberia.....	11	(*)	1	1	0	0	0	0	0	0	0	4	(*)	(*)
Nigeria.....	346	(*)	301	25	13	13	(*)	0	0	(*)	0	14	(*)	(*)
Other.....	948	13	870	47	(*)	3	12	0	2	(*)	3	16	(*)	(*)
Middle East.....	717	1	496	39	4	9	(*)	6	18	9	0	32	(*)	(*)
Israel.....	186	0	85	5	5	3	0	4	18	0	0	0	(*)	(*)
OPEC.....	575	1	380	3	1	(*)	1	(*)	0	0	0	0	(*)	(*)
Other.....	36	0	31	(*)	(*)	(*)	0	(*)	0	0	0	3	(*)	(*)
Other Asia and Pacific.....	4,266	31	2,356	468	90	143	33	68	373	13	79	202	(*)	(*)
Hong Kong.....	617	0	(*)	80	7	7	(*)	8	5	0	0	34	(*)	(*)
India.....	34	0	0	0	0	10	0	0	(*)	0	0	0	(*)	(*)
Indonesia.....	1,404	20	1,885	34	1	3	5	(*)	(*)	0	0	9	(*)	(*)
Malaysia.....	879	0	(*)	(*)	(*)	(*)	(*)	4	74	(*)	22	10	(*)	(*)
Philippines.....	273	0	77	187	76	25	(*)	(*)	51	3	9	26	(*)	(*)
Singapore.....	872	0	824	101	(*)	(*)	5	32	48	(*)	1	48	(*)	(*)
South Korea.....	123	0	(*)	(*)	3	5	0	4	18	0	0	37	(*)	(*)
Taiwan.....	147	0	(*)	72	5	3	0	3	50	(*)	11	0	(*)	(*)
Thailand.....	241	1	(*)	33	3	4	(*)	0	9	(*)	3	1	(*)	(*)
Other.....	115	0	62	21	3	12	1	0	3	0	1	1	(*)	(*)
International.....	1,009		750											258
Addenda—European Communities (10) <sup>2</sup> .....	16,473	0	6,958	9,406	645	1,881	372	3,231	611	(*)	(*)	1,087	(*)	(*)
OPEC <sup>3</sup> .....	3,146	31	2,384	353	(*)	89	27	4	(*)	(*)	67	213	(*)	164

<sup>1</sup> Less than \$500,000.<sup>2</sup> Suppressed to avoid disclosure of data of individual companies.<sup>3</sup> Based on the BEA survey taken in December 1981.<sup>4</sup> Consists of European Communities (9) and Greece.<sup>5</sup> See footnote 5, table 1.

NOTE.—Estimates are for nonbank foreign affiliates of nonbank U.S. parents.

increases reflect the affiliates' response to Australia's drive for energy self-sufficiency.

In developing countries, affiliates plan to increase spending 24 percent, to \$6.7 billion, after a 39-percent increase in 1981. Substantial increases are planned in most areas.

In Latin America, a 39-percent increase is planned. It is centered in Colombia, where massive, high-quality coal reserves are being developed, and in Trinidad, where offshore natural gas fields are being developed. In the Middle East, a 51-percent increase is planned, mainly for exploration and development in the United Arab Emirates.

In "other Asia and Pacific," affiliates plan to increase spending 21-percent, to \$2.8 billion. The increase is largely in Malaysia, where spending increased 91 percent last year and is expected to increase 57 percent this year, to \$0.7 billion. Last year's increase was mainly for constructing offshore platforms, pipelines, and an oil terminal; this year's is mainly for modernizing refineries. Indonesian affiliates plan an increase of 17 percent, to \$1.4 billion, after an increase of 92 percent last year. Both are largely for offshore exploration for oil and natural gas. This exploration is partly in response to favorable revisions in tax and production sharing agreements with the host government in 1980.

In "other Africa"—particularly Cameroon and Egypt—affiliates plan a 12-percent increase, to \$1.8 billion. It is for developing new oilfields. In contrast to affiliates in Cameroon and Egypt, those in Libya plan a 28-percent reduction in spending, after a 42-percent increase last year. Growing political tensions between Libya and the United States have resulted in several affiliates ending operations in that country.

Affiliates in "international" are planning to reduce spending by one-fourth, to \$0.8 billion, compared with a 5-percent increase last year. The reduction reflects a decline in demand for tankers, because of lower imports of crude oil.

### Manufacturing

Manufacturing affiliates plan to increase spending 10 percent in 1982, to \$21.4 billion, after no change last

year. Increases are expected in all industries within manufacturing except transportation equipment.

Nearly one-half of the total dollar increase in manufacturing is accounted for by affiliates in chemicals; these affiliates' expenditures are expected to increase 27 percent, to \$4.0 billion, compared with last year's 5-percent increase. Some of the spending is the result of deferrals; several petrochemical manufacturers have stretched out capacity-expansion projects planned for last year.

Affiliates in primary and fabricated metals plan a 54-percent increase, to \$1.5 billion, compared with last year's 12-percent increase; both are largely due to a sizable expansion project undertaken by a bauxite mining and aluminum manufacturing affiliate in Brazil. In food products, affiliates plan to increase spending 17 percent, compared with a 2-percent cut last year. Affiliates in nonelectrical machinery and electric and electronic equipment each plan 11-percent increases, compared with last year's cuts of 15 and 5 percent, respectively. Affiliates in "other manufacturing" plan a 1-percent increase this year, to \$3.0 billion, after a 4-percent increase.

In contrast to plans by affiliates in other industries within manufacturing, affiliates in transportation equipment plan to decrease spending; the 10 percent decrease, to \$4.4 billion, follows a 12-percent increase. The decrease partly reflects near completion of several projects involving construction of assembly and parts production facilities for subcompact cars. Plans for further expansion have been dampened by current weak worldwide demand for autos.

In developed countries, manufacturing affiliates plan an 8-percent increase in spending, to \$16.7 billion, compared with a 4-percent decline last year. Canadian affiliates plan a 5-percent increase, about the same as last year; declines in spending by affiliates in transportation equipment and "other manufacturing" almost offset increases in every other industry.

In Europe, British affiliates plan to increase spending 9 percent, to \$3.0 billion, a reversal of last year's decline. Chemical affiliates account for nearly all of the increase, which is mainly for construction of petrochem-

ical plants. Partly offsetting is an expected decline in nonelectrical machinery; it reflects completion of new plants in 1981, including the rebuilding of a plant destroyed by fire. In Germany, affiliates plan to increase spending 1 percent, to \$2.6 billion, after a 19-percent decline. Last year's decline was centered in nonelectrical machinery, mainly computers, and transportation equipment; this year, a small increase in expenditures in most industries will more than offset a further fall-off in transportation equipment. The planned 17-percent increase in France, to \$1.4 billion, is centered in nonelectrical machinery; it is mainly for increased capitalization of computer equipment for rental. The 29-percent increase in the Netherlands, to \$0.9 billion, is centered in chemicals and is mostly for expansion of petrochemical plants. Affiliates in "other Europe" plan to step up spending 8 percent, after a 71-percent increase. Much of this year's increase is accounted for by a major plant expansion by a chemical affiliate in Spain. Last year's was accounted for by transportation equipment affiliates in Spain and Austria, and was for construction of assembly plants and parts production facilities for subcompact cars.

In developing countries, affiliates plan a 15-percent increase, to \$4.7 billion, following a 19-percent increase in 1981. The largest increase is in Brazil, where, as previously mentioned, an affiliate in primary and fabricated metals plans to mine bauxite and build a smelter to produce aluminum. Partly offsetting is a decline in Mexico, where cuts are planned in transportation equipment after completion of a new engine plant and assembly facilities.

### Other industries

Mining affiliates plan to reduce spending 24 percent, to \$1.1 billion, after a 17-percent increase in 1981. The decline is mainly in Canada and Australia. In Canada, mining operations were sold by a U.S. parent. The sale was part of a transaction in which the U.S. parent exchanged its

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by U.S. companies' finance affiliates recorded in the portfolio accounts were small in 1981; however there were large increases in issues reported by U.S. direct investors, as previously discussed.

Net inflows for foreign direct investment in the United States increased \$7.8 billion to a record \$18.7 billion; there was a \$9.4 billion increase in equity and intercompany accounts and a \$1.6 billion decline in reinvested earnings. The \$14.1 billion total of equity and intercompany account inflows was nearly 80 percent higher than in 1979, the previous high. The inflows were boosted by the initial stages of a French acquisition

of a U.S. mining company in the third quarter and a Middle East acquisition of a U.S. petroleum construction and drilling company in the fourth. Both transactions were extraordinarily large, with much of the financing provided directly by the foreign parent. There were also large net inflows in intercompany accounts by automotive, wholesale trade, and petroleum affiliates.

#### *Statistical discrepancy*

The statistical discrepancy (errors and omissions in reported transactions) was a positive \$24.6 billion, following a positive \$29.6 billion in 1980. Similar factors may have been present in both 1980 and 1981. There may

have been continued underreporting of capital inflows by both banks and nonbanks, partly due to the shifting of location of booking of claims and liabilities between domestic and overseas bank offices. When there were significant increases in the differential between the U.S. prime rate and the Libor favoring booking loans abroad at the latter rate, U.S. firms reported loans from their overseas offices, both bank and nonbank, increased only moderately, suggesting incomplete reporting. Furthermore, the politically stable United States, with high nominal and real interest rates during much of 1981, was a haven for funds, particularly in view of heightened tensions in the Middle East and Poland.

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ownership of the Canadian mining operations for its own common stock held by a Canadian company. In Australia, the decline largely stems from mounting labor problems of, and an expected substantial boost in the cost of electric power to, a major mining operation.

Trade affiliates plan a 16-percent increase in spending, to \$4.3 billion, after a 3-percent reduction. Over two-

thirds of the increase is in Europe and Latin America, and is largely accounted for by affiliates that market computers.

Spending by affiliates in finance (except banking), insurance, and real estate will remain at \$0.4 billion in 1982, reflecting small offsetting changes among several countries. Similarly, no change is planned in "other industries"—agriculture, construction, transportation, communication, public utilities, and other serv-

ices—after a 7-percent increase; the offset to a large cut in "international," which reflects last year's purchase of new and used bulk ore and grain carriers, is mainly in Canada, Saudi Arabia, and Hong Kong. The increase in Canada is spread among many affiliates. In Saudi Arabia, it is largely accounted for by a new affiliate performing city sanitation services; in Hong Kong, it is by an affiliate completing construction of an electric power plant.